

## BAY STATE GAS COMPANY COST OF GAS ADJUSTMENT CLAUSE

### Index

- 6.01** Purpose
- 6.02** Applicability
- 6.03** Cost of Firm Gas Allowable for Cost of Gas Adjustment Clause (CGAC)
- 6.04** Effective Date of Gas Adjustment Factor (GAF)
- 6.05** Definitions
- 6.06** Gas Adjustment Factor Formulas by Customer Class
- 6.07** Interruptible Sales, Non-Traditional Off-System Sales, and Capacity Release Revenues
- 6.08** Gas Suppliers' Refunds - Accounts 242.1 and 242.2
- 6.09** Gas Cost Incentive Mechanism
- 6.109** Reconciliation Adjustments - Account 175
- 6.110** Reconciliation Adjustments - Account 176 - Purchase Gas Working Capital
- 6.121** Application of GAF to Bills
- 6.132** Information Required to be Filed with the Department
- 6.143** Other Rules
- 6.154** Customer Notification
- ~~**6.156** Gas Supply Service~~

### **6.01** Purpose

The purpose of this clause is to establish procedures that allow Bay State Gas Company ("Bay State" or the "Company"), subject to the jurisdiction of the Department of ~~Telecommunications and Energy~~Public Utilities ("Department") to adjust, on a semiannual basis, its rates for firm gas sales ~~and standby gas supply service~~ in order to recover the costs of gas supplies, along with Cost Differentials resulting from physical and financial contracts calculated pursuant to the Gas Cost Incentive Mechanism ("GCIM"), any taxes applicable to those supplies, pipeline and storage capacity, production capacity and storage, bad debt expense associated with purchase gas costs, and the costs of purchased gas working capital, to reflect the seasonal variation in the cost of gas, and to credit all supplier refunds and capacity credits from non-core sales and transportation, interruptible sales and transportation and capacity release sales to firm ratepayers.

### **6.02** Applicability

This Cost of Gas Adjustment ("CGAC") shall be applicable to Bay State and all firm gas sales made by Bay State, unless otherwise designated. The application to the clause may, for good cause shown, be modified by the Department. See

Issued: October 26, 2001

Effective: December 1, 2001

**BAY STATE GAS COMPANY  
COST OF GAS ADJUSTMENT CLAUSE**

Section 6.1314, "Other Rules."

**6.03 Cost of Firm Gas Allowable for CGAC**

All costs of firm gas including, but not limited to, commodity costs, taxes on commodity, demand charges, local production and storage costs, other gas supply expense incurred to procure and transport supplies and bad debt percent (from the last general rate case) applied to allowable CGAC costs for the forecast period, the gas used in company operations, transportation fees, costs associated with buyouts of existing contracts, Cost Differentials resulting from physical and financial contracts calculated pursuant to the GCIM and purchased gas working capital may be included in the CGAC. Any costs recovered through application of the CGAC shall be identified and explained fully in the annual filing outlined in Section 6.132.

**6.04 Effective Date of Gas Adjustment Factor**

The date on which the seasonal Gas Adjustment Factors ("GAF") become effective shall be the first billing cycle of each season as designated by the Company. Unless otherwise notified by the Department, the Company shall submit GAF filings as outlined in Section 6.121 of this clause at least 45 days before they are to take effect.

**6.05 Definitions**

The following terms shall be defined in this section, unless the context requires otherwise.

- (1) **Annual Threshold** - A threshold level of margins, established annually and separately for Capacity Release, Interruptible Sales and Non-Traditional Off-System Sales, based on the twelve months ended April 30 each year, the level above which the Company retains 25% of such margins.
- (2) **Bad Debt Expense** is the uncollectable expense attributed to the Company's gas costs.
- (3) **Base Load Requirements** - The annual quantity of gas supply needed to satisfy the lowest level of firm demand plus storage injections over a period of 60 consecutive days.
- (4) **Capacity Release Revenues** - The economic benefit derived from the sale of upstream capacity.
- (5) **Carrying Charges** - Interest expense calculated on the average monthly

Issued: October 26, 2001

Effective: December 1, 2001

**BAY STATE GAS COMPANY  
COST OF GAS ADJUSTMENT CLAUSE**

- balance using Bank Boston prime lending rate.
- (6) **Economic Benefit** - The difference between the revenues received and the marginal cost determined to serve non-core customers.
  - (7) **Interruptible Sales Margins** - The economic benefit derived from the interruptible sale of gas downstream of the Company's distribution system.
  - (8) **Inventory Finance Charges** - As billed in each peak season for annual charges. The total shall represent an accumulation of the projected charges as calculated using the monthly average of financed inventory at the existing (or anticipated) financing rate through a trust or other financing vehicle.
  - (9) **Local Production Capacity and Storage Costs** include the costs of providing storage service from the Company's storage facilities (*i.e.*, LNG and LPG) as determined in the Company's most recent rate proceeding.
  - (10) **MBA** - Market Based Allocator - Used in determining the allocation of gas costs among customer classes.
  - (11) **Non-Core Commodity Costs** - The commodity cost of gas assigned to non-core sales to which the GAF is not applied. Non-core sales include sales made under interruptible contracts, non-core contracts and non-traditional off-system sales.
  - (12) **Non-Core Sales Margins** - The economic benefit derived from non-core transactions to which the GAF is not applied, including interruptible sales and other non-core sales generated from the use of the Company's Gas Supply Resource portfolio.
  - (13) **Non-Traditional Off-System Sales Margin** - The economic benefit derived from the non-firm sales of natural gas supplies upstream of Company's distribution system.
  - (14) **Number of Days Lag** is the number of days lag to calculate the purchased gas working capital requirement as approved by the Department.
  - (15) **Off-Peak Commodity** is, unless otherwise approved by the Department, the gas supplies procured by the Company to serve firm load in the off-peak season.
  - (16) **Off-Peak Demand** is, unless otherwise approved by the Department, the gas supply demand and transmission capacity procured by the Company to serve firm load in the off-peak season.
  - (17) **Off-Peak Period** for Bay State Gas Company is May through October.
  - (18) **Peak Commodity** is, unless otherwise approved by the Department, the gas supplies procured by the Company to serve firm load in the peak season.
  - (19) **Peak Demand** is, unless otherwise approved by the Department, gas supply demand, peaking demands, storage and transmission capacity procured by the Company to service firm load in the peak season.

Issued: October 26, 2001

Effective: December 1, 2001

**BAY STATE GAS COMPANY  
COST OF GAS ADJUSTMENT CLAUSE**

- (20) **Peak Period** for Bay State Gas Company is November through April.
- (21) **PR Allocator** - The percentage allocated for the portion of annual capacity charges assigned to the peak period calculated in each CGA filing.
- (22) **Pretax Weighted Cost of Capital** is the result of the calculation of the weighted cost of capital minus the weighted cost of debt, divided by one, minus the combined tax rate, plus the weighted cost of debt.
- (23) **Purchased Gas Working Capital** is the allowable working capital derived from peak and off-peak, demand and commodity related costs.
- (24) **Stand-By Sales Revenues** are the demand and commodity revenues received from transportation customers who elect stand-by sales service.
- (25) **Tax Rate** is the combined State and Federal income tax rate.
- (26) **Traditional Off-System Sales for Resale** - Peak season firm gas sales to other utilities in accordance with long-term contracts.
- (27) **Transaction Costs** are the costs associated with executing approved financial instruments and contracts, including but not limited to brokerage fees, options and futures contracts, exchange fees, Natural Futures Association fees, and brokerage commissions and premiums on options contracts
- (287) **Weighted Cost of Capital** is the weighted cost of capital as set in the Company's most recent base rate case.
- (298) **Weighted Cost of Debt** is the weighted cost of debt as set in the Company's most recent base rate case.

**6.06      Gas Adjustment Factor (GAF) Formula**

The Gas Adjustment Factor (GAF) Formula shall be computed on a semiannual basis using forecasts of seasonal gas costs, carrying charges, sendout volumes, and sales volumes. Forecasts may be based on either historical data or Company projections, but must be weather-normalized. Any projections must be documented in full with each filing.

**Peak GAF Formula**

The Peak GAF shall be comprised of a peak demand factor, a peak commodity factor and a peak bad debt factor for each of the Company's firm sales customer classes and calculated at the beginning of the peak season according to the following formula:

Issued: October 26, 2001

Effective: December 1, 2001

**BAY STATE GAS COMPANY  
COST OF GAS ADJUSTMENT CLAUSE**

$$GA_{Fp}^x = DF_{Fp}^x + CF_{Fp}^x + BDF_{Fp}$$

**Peak Demand Factor (DF<sub>p</sub>) Formula**

$$DF_{Fp}^x = \frac{Dp^x - NCSMp^x}{P : Sales^x} + RF_{pd} + WCF_{pd} - R1d - R2d$$

**and:**

$$Dp^x = \text{Sum:PD}^x + \text{Sum:BLDp}^x + \text{Sum:BLDXp}^x + (\text{Sum:BLDXop}^x \times PR \times 50\%) + PS^x - \text{Sum : SBpd}^x$$

**and:**

$$NCSMp^x = CRR^x + ISM^x + NTSM^x$$

**and:**

$$PS_s^x = (PS \times PS\%) \times MBA^x$$

**and:**

$$RF_{pd} = R_{pd}/P:Sales$$

**and:**

$$WCF_{pd} = \frac{\left[ \frac{(WCA_{pd} \times CC) - (WCA_{pd} \times CD)}{(1 - \text{TR})} + (WCA_{pd} \times CD) \right]}{P : Sales}$$

**and:**

Issued: October 26, 2001

Effective: December 1, 2001

**BAY STATE GAS COMPANY  
COST OF GAS ADJUSTMENT CLAUSE**

$$WCApd = Dp \times (DL/365)$$

**Where:**

BLDp	Demand charges billed to the Company during the peak period for the portion of base demand associated with serving base load requirements as defined in Section 6.05.
BLDXp	Base demand costs in excess of demand costs associated with base load level billed to the Company during the peak period.
BLDXop	Base demand costs in excess of demand costs associated with base load level billed to the Company during the off-peak period.
CC	Weighted cost of capital as defined in Section 6.05.
CD	Weighted cost of debt as defined in Section 6.05.
CRR	The returnable Capacity Release Revenues allocated to the peak period. See Section 6.07.
DL	Number of days lag from the purchase of gas from suppliers to the payment by customers.
Dp	Demand Charges allocated to the peak period as defined in Section 6.05.
MBA	Market Based Allocator - Customer Class specific allocator as defined in Section 6.05.
NCSMp <sup>x</sup>	The sum of the returnable Interruptible Non-Core Sales Margins, the returnable Capacity Release Revenues and the Non-Traditional Off-System margins.
ISM	The returnable Interruptible Sales Margins allocated to the peak period. See Section 6.07.
NTSM	The returnable Non-Traditional Off-System Sales Margins allocated to the peak period. See Section 6.07.
P:Sales	Forecasted sales volumes associated with the peak period.
PD	Demand charges billed to the Company for peak period capacity as defined in Section 6.05.
PR	Proportional Responsibility Allocator - The percentage of a portion of annual capacity/product charges assigned to the peak period calculated in each CGA filing as defined in Section 6.05.
PS	Total Test year local production capacity and storage costs as defined in Section 6.05.
PS%	Percent of downstream production and storage costs not used for distribution system deliverability, as defined in Section 6.05.
PS <sub>s</sub>	Portion of production capacity and storage costs allocated to firm sales through the CGAC.

Issued: October 26, 2001

Effective: December 1, 2001

**BAY STATE GAS COMPANY  
COST OF GAS ADJUSTMENT CLAUSE**

R1d,R2d	Per unit supplier refunds from pipeline demand charges - The per unit supplier refunds associated with refund program credits derived from Account 242.1, "Undistributed Gas Suppliers' Refunds." See Section 6.08.
RFpd	Peak demand charge reconciliation adjustment factor per billed peak sales volume associated with demand charges related to the peak period.
Rpd	Reconciliation Costs - Peak demand deferred gas costs, Account 175.1 balance, inclusive of the associated Account 175.1 interest, as outlined in Section 6.109.
SBpd <sup>x</sup>	Peak Period demand revenues received from Stand-By sales customers.
TR	Combined Tax Rate as defined in Section 6.05
WCApd	Demand charges allowable for working capital application as defined in Section 6.110.
WCFpd	Working Capital allowable factor per billed peak sales volume associated with demand charges allocated to the peak period as defined in Section 6.101.
WCRpd	Working Capital reconciliation adjustment associated with peak demand charges - Account 142.1 balance as outlined in Section 6.101.
x	Designates Customer Class Specific allocation of costs, based on Market Based Allocation factors.

**Peak Commodity Factor (CF) Formula**

$$CFp^x = \left[ \frac{Cp^x - NCCCp^x + FC^x}{P : Sales^x} \right] + RFpc + WCFpc - R1c - R2c$$

**and:**

$$Cp^x = \text{Sum:}PC^x + BOao^x - INJp^x - LIQp^x - SBpc^x$$

**and:**

$$PC^x = PP^x + \text{SUM:}(SUP^x)$$

**and:**

$$BOao^x = [(BOop - (BOvol \times (TPop/TPvolop))) MBA^x]$$

**and:**

Issued: October 26, 2001

Effective: December 1, 2001

**BAY STATE GAS COMPANY  
COST OF GAS ADJUSTMENT CLAUSE**

$$RF_{pc} = R_{pc} / P:Sales$$

**and:**

$$WCF_{pc} = \frac{\left[ \frac{(WCA_{pc} \times CC) - (WCA_{pc} \times CD)}{(1 - \frac{WCA_{pc} \times CD}{TR})} \right] + (WCA_{pc} \times CD) + WCR_{pc}}{P: Sales}$$

**and:**

$$WCA_{pc} = C_p \times (DL/365)$$

**Where:**

BOao	LNG Boil-off allocation as defined in Section 6.109.
CC	Weighted costs of capital as defined in Section 6.05
CD	Weighted costs of debt as defined in Section 6.05.
Cp	Commodity Charges allocated to the peak period as defined in Section 6.05.
DL	Number of days lag from the purchase of gas from suppliers to the payment by customers.
FC	Inventory finance charges as defined in Section 6.05.
INJp	Injections into storage during the peak period.
LIQp	Liquefactions into storage during the peak period.
MBA	Market based allocator - Customer class specific allocator as defined in Section 6.05.
NCCCp	Non-Core Commodity Costs allocated to the peak period as defined in Section 6.05.
P:Sales	Forecasted sales volumes associated with the peak period.
PC	Commodity charges associated with gas supply sent out in peak season as defined in Section 6.05.
PP	Commodity charges associated with pipeline supplies.
R1c, R2c	Per unit supplier refunds from pipeline commodity charges - The per unit supplier refunds associated with refund program credits derived from Account 242.2, "Undistributed Gas Suppliers' Refunds". See Section 6.08.
RFpc	Peak commodity charge reconciliation adjustment factor per billed peak sales volume associated with commodity charges related to the peak period.

Issued: October 26, 2001

Effective: December 1, 2001

**BAY STATE GAS COMPANY  
COST OF GAS ADJUSTMENT CLAUSE**

Rpc	Reconciliation Adjustment Costs - Account 175.2 balance, inclusive of the associated Account 175.2 interest, as outlined in Section 6.109.
SBpc <sup>x</sup>	Peak Period commodity revenues received from Stand-By sales customers.
SUP	Commodity charges associated with supplemental gas supply; i.e., Liquefied Natural Gas, Storage Withdrawals, Liquid Propane, Bellingham Peaking Supply, MassPower Peaking Supply, and Domac.
TPop	Total pipeline commodity charges for the off-peak period.
TPvolop	Total pipeline commodity volumes for the off-peak period.
TR	Combined Tax rate as defined in Section 6.05.
WCApc	Commodity charges allowable for working capital application as defined in Section 6.101.
WCFpc	Working Capital allowable factor per peak sales volume associated with commodity charges allocated to the peak period as defined in Section 6.110.
WCRpc	Working Capital reconciliation adjustment associated with peak commodity charges as outlined in Section 6.110.
x	Designates customer class specific allocation of costs, based on Market Based Allocation factors.

**Peak Bad Debt (BDp) Formula**

$$\text{BDFp} = \frac{\text{BDp} + \text{RApbd} + \text{WCFpbd}}{\text{P:Sales}}$$

**and:**

$$\text{WCFpbd} = \frac{\frac{(\text{WCApbd} * \text{CC}) - (\text{WCApbd} * \text{CD})}{(1 - \text{TR}) + (\text{WCApbd} * \text{CD})} + \text{WCRpbd}}{\text{P:Sales}}$$

**and:**

$$\text{WCApbd} = \text{BDp} * (\text{DL}/365)$$

**Where:**

BDp	Peak Bad Debt Expense as defined in Section 6.05.
CC:	Weighted cost of capital as defined in Section 6.05.
CD:	Weighted cost of debt as defined in Section 6.05.
DL	Number of days lag from the purchase of gas from suppliers to the

Issued: October 26, 2001

Effective: December 1, 2001

**BAY STATE GAS COMPANY  
COST OF GAS ADJUSTMENT CLAUSE**

	payment by customers.
P:Sales	Forecasted sales volumes associated with the peak period.
RApbd	Peak Bad Debt Expense reconciliation adjustment - Account 175.21 balance.
TR:	Combined Tax rate as defined in Section 6.05.
WCApbd	Bad Debt allowable for working capital application as defined in Section 6.110.
WCFpbd	Working Capital Allowable factor per peak sales volume associated with bad debt allocated to the peak period as defined in Section 6.110
WCRpbd	Working Capital reconciliation adjustment associated with peak bad debt - Account 176.12 balance as outlined in Section 6.110.

**Off-Peak GAF Formula**

The Off-Peak GAF shall be comprised of an off-peak demand factor and an off-peak commodity factor for each of the Company's customer classes, plus an off-peak bad debt factor; all factors calculated at the beginning of the off-peak season according to the following formula.

$$\text{GAFop}^x = \text{DFop}^x + \text{CFop}^x + \text{BDFop}$$

**Off-Peak Demand Factor (DFop) Formula**

$$\text{DFop}^x = \frac{\text{Dop}^x}{\text{OP:Sales}^x} + \text{RFopd} + \text{WCFopd} - \text{R1d} - \text{R2d}$$

**and:**

$$\text{Dop}^x = \text{Sum:BLDop}^x + (\text{Sum:BLDXop}^x \times (1 - \text{PR}))$$

**and:**

$$\text{RFopd} = \text{Ropd} / \text{OP:Sales}$$

**and:**

$$\text{WCFopd} = \left[ (\text{WCAopd} \times \text{CC}) - (\text{WCAopd} \times \text{CD}) \right]$$

Issued: October 26, 2001

Effective: December 1, 2001

**BAY STATE GAS COMPANY**  
**COST OF GAS ADJUSTMENT CLAUSE**

$$\frac{(1 - TR) \cdot WCAopd + (WCAopd \times CD) + WCRopd}{(OP:Sales)}$$

**and:**

$$WCAopd = Dop (DL/365)$$

**Where:**

BLDop	Demand charges billed to the Company during the off peak period for the portion of base demand associated with serving base load requirements as defined in Section 6.05.
BLDXop	Base demand costs in excess of demand costs associated with base load level billed to the Company during the off-peak period.
CC	Weighted cost of capital as defined in Section 6.05
CD	Weighted cost of debt as defined in Section 6.05
DL	Number of days lag from the purchase of gas from suppliers to the payment by customers.
Dop	Demand charges allocated to the off-peak period as defined in Section 6.05.
LBop	Portion of Upstream Pipeline Reservation Charges assigned to Load Balancing.
MBA	Market Based Allocator - Customer Class specific allocator as defined in Section 6.05
OP:Sales	Forecasted sales volumes associated with the off-peak period.
PR	Proportional Responsibility Allocator - A percentage representing a portion of capacity/product charges incurred in the off-peak season and assigned to the peak period calculated in each CGA filing as defined in Section 6.05.
R1d, R2d	Per unit supplier refunds from pipeline demand charges - The per unit supplier refunds associated with refund program credits derived from Account 242.1, "Undistributed Gas Suppliers' Refunds." See Section 6.08.
RFopd	Off-peak demand charge reconciliation adjustment factor per billed off peak throughput volume associated with demand charges related to the off peak period.
Ropd	Reconciliation Costs - Account 175.3 balance, inclusive of the associated Account 175.3 interest, as outlined in Section 6.109.
TR	Combined Tax rate as defined in Section 6.05
WCAopd	Demand charges allowable for working capital application as defined in Section 6.110.
WCFopd	Working Capital factor allowable per billed off-peak sales associated with

Issued: October 26, 2001

Effective: December 1, 2001

**BAY STATE GAS COMPANY  
COST OF GAS ADJUSTMENT CLAUSE**

	demand charges allocated to the off-peak period as defined in Section 6.119.
WCRopd	Working Capital reconciliation adjustment associated with off-peak demand charges balance as outlined in Section 6.119.
x	Designates customer class specific allocation of costs based on Market Based Allocation factors.

**Off-Peak Commodity Factor (CFop) Formula**

$$CFop^x = \frac{Cop^x - NCCCop^x}{OP : Sales^x} + RFopc + WCFopc - R1c - R2c$$

**and:**

$$Cop^x = Sum:OPC^x - BOao^x - INJop^x - LIQop^x$$

**and:**

$$BOao^x = [(BOop - (BOvol \times (TPop/TPvolop))) MBA^x]$$

**and:**

$$RFopc = Ropc/OP:Sales$$

**and:**

$$WCFopc = \frac{\left[ \frac{(WCAopc \times CC) - (WCAopc \times CD)}{(1 - TR)} + (WCAopc \times CD) \right]}{WCRopc} \times OP : Sales$$

**and:**

$$WCAopc = Cop \quad (DL/365)$$

**Where:**

BOao	LNG Boil-off allocation as defined in Section 6.109.
CC	Weighted cost of capital as defined in Section 6.05.
CD	Weighted cost of debt as defined in Section 6.05.

Issued: October 26, 2001

Effective: December 1, 2001

**BAY STATE GAS COMPANY  
COST OF GAS ADJUSTMENT CLAUSE**

Cop	Commodity Charges billed to the off-peak period as defined in Section 6.05
DL	Number of days lag from the purchase of gas from suppliers to the payment by customers. See Section 6.1 <sup>10</sup> .
INJop	Injections into underground storage during the off-peak period.
LIQop	Liquefactions into storage during the off-peak period.
NCCCop	Non-core commodity costs allocated to the off-peak period as defined in Section 6.05.
OP:Sales	Forecasted sales volumes associated with the off-peak period.
OPC	Commodity charges associated with gas supply sent out in the off-peak season as defined in Section 6.05.
R1c, R2c	Per unit supplier refunds from pipeline commodity charges - The per unit supplier refunds associated with refund program credits derived from Account 242.2, "Undistributed Gas Suppliers' Refunds."
RFopc	Off peak commodity charge reconciliation adjustment factor per billed off peak sales volume associated with commodity charges related to the off-peak period.
Ropc	Reconciliation Adjustment Cost - Account 175.4 balance, inclusive of the associated Account 175.4 interest, as outlined in Section 6.1 <sup>09</sup> .
TPop	Total pipeline commodity purchase charges for the off-peak period.
TPvolop	Total pipeline purchase volumes for the off-peak period.
TR	Combined Tax rate as defined in Section 6.05.
WCAopc	Commodity charges allowable for working capital application as defined in Section 6.1 <sup>10</sup> .
WCFopc	Working Capital allowable per off-peak sales volume associated with commodity charges allocated to the off-peak period as defined in Section 6.1 <sup>10</sup> .
WCRopc	Working Capital reconciliation adjustment associated with off-peak commodity charges - Account 142.2 balance, as outlined in Section 6.1 <sup>10</sup> .
x	Designates customer class specific allocation of costs, based on Market Based Allocation factors.

**Off Peak Bad Debt (BDop) Formula**

$$\text{BDFop} = \frac{\text{BDop} + \text{RAopbd} + \text{WCFopbd}}{\text{OP:Sales}}$$

**and:**

$$\text{WCFopdb} = \frac{(\text{WCAopbd} * \text{CC}) - (\text{WCAopc} * \text{CD})}{(1 - \text{TR}) + (\text{WCAopbd} * \text{CD}) + \text{WCRopbd}} \text{OP:Sales}$$

Issued: October 26, 2001

Effective: December 1, 2001

**BAY STATE GAS COMPANY  
COST OF GAS ADJUSTMENT CLAUSE**

**and:**

$$\text{WCAopbd} = \text{BDop} * (\text{DL}/365)$$

**Where:**

BDop	Off Peak Bad Expense as defined in Section 6.05.
CC:	Weighted cost of capital as defined in Section 6.05.
CD:	Weighted cost of debt as defined in Section 6.05.
DL	Number of days lag from the purchase of gas from suppliers to the payment by customers.
OP:Sales	Forecasted sales volumes associated with the off-peak period.
RAopbd	Off Peak Bad Debt Expense reconciliation adjustment - Account 175.11 balance.
TR:	Combined Tax rate as defined in Section 6.05.
WCAopbd	Bad Debt allowable for working capital application as defined in Section 6.119.
WCFopbd	Working Capital allowable factor per Off Peak sales volume associated with bad debt allocated to the Off Peak period as defined in Section 6.119.
WCRopbd	Working Capital reconciliation adjustment associated with Off Peak Bad Debt - Account 176.22 balance as outlined in Section 6.119.

**6.07 Interruptible Sales, Non-Traditional Off-System Sales and Capacity Release Revenues**

A threshold level of margins will be established annually and separately for Interruptible Sales, Non-Traditional Off-System Sales and Capacity Release Revenues. Any margins earned in excess of the predetermined level shall be divided between the Company and its firm sales customers under a 25/75 sharing arrangement. The threshold level of margins shall be adjusted to reflect additions or losses from Customers who switch from FT, FS or IT to IS and conversely, from IS to FT, FS or IT. The Company shall adjust the threshold level annually to reflect Interruptible Sales, Non-Traditional Off-System sales, and capacity release revenues for the twelve-month period ending April 30 of each year.

Margins from Interruptible Sales, Non-Traditional Off-System Sales and Capacity Release will be reflected as separate credits in the peak season GAF and shall be calculated as the sum of the following:

- (1) 100% of the margins earned up to the predetermined threshold

Issued: October 26, 2001

Effective: December 1, 2001

**BAY STATE GAS COMPANY  
COST OF GAS ADJUSTMENT CLAUSE**

level.

(2) 75% of the margins earned in excess of the predetermined threshold level.

**6.08 Gas Suppliers' Refunds - Accounts 242.1 and 242.2**

Refunds from upstream capacity suppliers and suppliers of product demand are credited to Account 242.1, "Undistributed Purchased Capacity/Product Demand Refunds." Refunds from suppliers of gas are credited to account 242.2, "Commodity Undistributed Gas Suppliers' Refunds." Transfers from these accounts will reflect as a credit in the semiannual calculation of the GAF to be calculated as follows:

Refund programs shall be initiated with each semiannual GAF filing and shall remain in effect for a period of one year. The total dollars to be placed into a given refund program shall be net of over/under-returns from expired programs plus refunds received from suppliers since the previous program was initiated. Refunds shall be segregated by demand and commodity charges and distributed volumetrically, producing per unit refund factors that will return the principal amount with interest as calculated using the Fleet's prime lending rate. The Company shall track and report on all Account 242.1 and Account 242.2 activities as specified in Section 6.110.

**6.09 Gas Cost Incentive Mechanism**

The level of recoverable commodity gas costs shall be determined in accordance with the Gas Cost Incentive Mechanism ("GCIM") set forth hereunder. The GCIM results in additional costs or benefits to the Company for its performance of gas supply acquisition when compared to a market standard benchmark. The GCIM Cost Differentials calculated in the manner set forth below shall be included as a component in the GAF reconciliation adjustment for the corresponding season.

(1) A "Benchmark Purchase Price" shall be established for each Peak Commodity and Off-Peak Commodity purchase, with the exception of purchases under long-term Canadian contracts executed prior to November 1, 2001. The Benchmark Purchase Price shall be equal to the corresponding "Index Price" plus the "Reliability Premium".

(a) For first of the month pipeline purchases, the Index Price shall equal the spot market natural gas commodity price as published in Inside FERC's Gas Market Report for the

Issued: October 26, 2001

Effective: December 1, 2001

**BAY STATE GAS COMPANY  
COST OF GAS ADJUSTMENT CLAUSE**

- applicable month and purchase location. If a purchase is made at a location that is not included in the aforementioned publication, the Index Price shall equal the spot market commodity price published in *Gas Daily: Monthly Contract Index* for the applicable month and purchase location.
- (b) For pipeline purchases not made on the first of the month, the Index Price shall equal the "Daily Price Survey, Daily Midpoint" as published in *Gas Daily* on the first day of the purchase and for the applicable purchase location.
- (c) For purchases injected into storage fields, the Index Price shall be determined by first calculating the simple average of the monthly spot natural gas commodity prices for each of the supply areas that feed the storage field for the months of the injection period, and second, weighting the resulting averages according to the Company's firm transportation entitlements in each supply area for the corresponding storage field. The prices used in this calculation shall equal the corresponding spot natural gas commodity price as published in *Inside FERC's Gas Market Report* for the applicable month and purchase location. If a purchase is made at a location that is not included in the aforementioned publication, the Index Price shall equal the spot market commodity price published in *Gas Daily: Monthly Contract Index* for the applicable month and purchase location.
- (d) The Reliability Premium shall equal \$0.0125 per MMBtu for all multi-month purchases during the months of November through March and \$0.0000 per MMBtu for purchases during all other months.
- (2) For purposes of determining the GCIM Cost Differential applicable to each commodity purchase, the "Actual Purchase Price" will be compared to the Benchmark Price, where the Actual Purchase Price equals the average price paid to the commodity supplier. The GCIM Cost Differential shall equal the difference between the Benchmark Purchase Price less the Actual Purchase Price, which is then multiplied by the purchase volumes. A positive Gas Cost Differential shall exist when the Benchmark Purchase Price is greater than the Actual Purchase Price. A negative Gas Cost Differential shall exist when the Benchmark Purchase Price is less than the Actual Purchase Price.
- (3) The GCIM Cost Differential applicable to each financial contract shall equal the realized gain or loss associated with entering and exiting the contract net of all associated transaction costs.

Issued: October 26, 2001

Effective: December 1, 2001

**BAY STATE GAS COMPANY  
COST OF GAS ADJUSTMENT CLAUSE**

- (4) The Gas Cost Differentials, positive and negative, shall be shared between the customers and the Company as follows:

<u>Benchmark Purchase Price</u>		
<u>Less Actual Purchase Price</u>	<u>Customer Share</u>	<u>Company Share</u>
<u>0 – 5% of Benchmark</u>	<u>50%</u>	<u>50%</u>
<u>5 – 10% of Benchmark</u>	<u>25%</u>	<u>75%</u>
<u>&gt; 10% of Benchmark</u>	<u>0%</u>	<u>100%</u>

- (5) The Company's share of all GCIM Cost Differentials shall be included in the Reconciliation Adjustment for the specific period. This shall be accomplished by aggregating the Company's share of all of the GCIM Cost Differentials, positive and negative, for the Peak Period and including the total in the Reconciliation Adjustment for the Peak Period. Similarly, the Company's share of all GCIM Cost Differentials, positive and negative, for the Off-Peak Period shall be aggregated and the total shall be included in the Reconciliation Adjustment for the Off-Peak Period.

**6.109 Reconciliation Adjustments** - Account 175

(1) The following definitions pertain to reconciliation adjustment calculations:

(a) Capacity Costs Allowable per Peak Demand Formula shall be:

- i. Charges associated with upstream storage and transmission capacity procured by the Company to serve firm load in the peak season.
- ii. Charges associated with transmission capacity procured by the Company to serve base load requirements in the peak season.
- iii. Charges associated with upstream storage and transmission capacity procured by the Company to serve firm load in excess of base load requirements in the peak period, plus a reallocation of a portion of such charges incurred in the off-peak season to serve firm load.
- iv. Charges associated with peaking, production and storage capacity to serve firm load in the peak season from the Company's most recent test year and allocated to firm sales storage service.
- v. Non-Core Sales Margins or economic benefits associated

Issued: October 26, 2001

Effective: December 1, 2001

**BAY STATE GAS COMPANY  
COST OF GAS ADJUSTMENT CLAUSE**

with capacity release, non traditional off-system sales for resale and interruptible sales margins allocated to the firm sales service.

vi. Credits associated with daily imbalance charges billed transportation customers in the peak period.

vii. Peak demand carrying charges.

(b) Gas Costs Allowable Per Peak Commodity Formula shall be:

i. Charges associated with gas supplies, including any applicable taxes, purchased by the Company to serve firm load in the peak season, plus a reallocation of LNG boiloff costs from the off-peak season, determined by the product of the difference in the average cost of pipeline purchases during the off-peak period and the average cost of LNG boiloff in the off-peak period times the LNG boiloff volumes purchased in the off-peak period, less the cost of injections and liquefaction into storage.

ii. Credit non-core commodity costs assigned to non-core customers to which the CGAC does not apply, as defined in Section 6.06 (NCCCp).

iii. Inventory finance charges (FC).

iv. Peak commodity carrying charges.

v. Gain or loss realized on positions entered into for the Peak Period associated with approved financial instruments and contracts, net of all associated transaction costs.

vi. the Company's share of Peak Period GCIM Cost Differentials.

(c) Capacity Costs Allowable Per Off-Peak Demand Formula shall be:

i. Charges associated with transmission capacity and product demand procured by the Company to serve base load requirements in the off peak season.

ii. Charges associated with transmission capacity and product demand procured by the Company to serve firm load in excess of base load requirements in the off-peak period

iii. Credits associated with daily imbalance charges billed transportation customers in the off peak period.

iv. Off-peak demand carrying charges.

v. Gain or loss realized on positions entered into for the Off-peak Period associated with approved financial instruments and contracts, net of all associated transaction costs.

vi. the Company's share of Off-Peak Period GCIM Cost Differentials.

(d) Gas Costs Allowable Per Off-Peak Commodity Formula shall be:

i. Charges associated with gas supplies, including any applicable taxes, procured by the Company to serve firm load in the off-peak season, less the reallocation of LNG boiloff costs

**BAY STATE GAS COMPANY  
COST OF GAS ADJUSTMENT CLAUSE**

determined by the product of the difference in the average cost of pipeline purchases during the off-peak period and the average cost of LNG boiloff in the off-peak period times the LNG boiloff volumes purchases in the off-peak period, less the cost of injections and liquefactions into storage.

- ii. Non-core commodity costs associated with non-core sales to which the GAF is not applied, as defined in Section 6.05.
- iii. Off-peak commodity carrying charges.
- (e) Costs Allowable Per Peak Bad Debt Formula shall be:
  - i. Costs associated with uncollected gas costs, including any applicable taxes, incurred by the Company to serve firm load in the peak season.
  - ii. Account 175.11 - Peak Bad Debt, carrying charges.
- (f) Costs Allowable Per Off-Peak Bad Debt Formula shall be:
  - i. Costs associated with uncollected gas costs, including any applicable taxes, incurred by the Company to serve firm load in the off-peak season.
  - ii. Account 175.21 - Off-Peak Bad Debt, carrying charges.

(2) Calculation of the Reconciliation Adjustments

Account 175 contains the accumulated difference between gas cost revenues and the actual monthly gas costs incurred by the Company, plus the seasonal aggregate results of the GCIM Cost activities described in Section 6.09 ~~incurred by the Company~~. The Company shall separate Account 175 into Peak Demand (Account 175.20), Peak Commodity (Account 175.19), Off-Peak Demand (Account 175.10), and Off-Peak Commodity (Account 175.09). Account 175.20 shall contain the accumulated difference between revenues toward capacity costs calculated by multiplying the Peak Demand Factor for each customer class, (DFp<sup>x</sup>) times monthly firm sales volumes for each customer class, and the total capacity costs allowable per the peak demand formula. Account 175.19 shall contain the accumulated difference between revenues toward gas costs as calculated by multiplying the Peak Commodity Factor for each customer class, (CFp<sup>x</sup>) times monthly firm sales volumes for each customer class, and the total commodity costs allowable per the peak commodity formula. Account 175.10 shall contain the accumulated difference between revenues toward capacity costs calculated by multiplying the Off-Peak Demand Factor for each customer class, (DFop<sup>x</sup>) times monthly firm sales volumes for each customer class, and the total capacity costs allowable per the off-peak demand formula. Account 175.09 shall contain the accumulated difference between revenues toward gas costs as calculated by multiplying the Off-Peak Commodity Factor for each customer class, (CFop<sup>x</sup>) times monthly firm sales volumes for each customer class, and the total commodity costs allowable per the off-peak commodity

Issued: October 26, 2001

Effective: December 1, 2001

**BAY STATE GAS COMPANY  
COST OF GAS ADJUSTMENT CLAUSE**

formula.

Carrying Charges shall be calculated on the average monthly balance of each subaccount using the Fleet's prime lending rate, then added to each end-of-the-month balance. The peak demand reconciliation adjustment factor (RFpd) shall be determined for use in the peak GAF calculation by dividing the peak demand account (175.20) balance as of the peak reconciliation date, by the forecasted sales volume associated with the peak period. The peak commodity reconciliation adjustment factor (RFpc) shall be determined for use in the peak GAF calculation by dividing the peak commodity account (175.19) balance as of the peak reconciliation date, by the forecasted sales volume associated with the peak period. The off-peak demand reconciliation adjustment factor (RFopd) shall be determined for use in the off peak GAF calculation by dividing the off-peak demand account (175.10) balance as of the off-peak reconciliation date, by the forecasted sales volume associated with the off-peak period. The off-peak commodity reconciliation adjustment factor (RFopc) shall be determined for use in the off-peak GAF calculation by dividing the off-peak commodity account (175.09) balance as of the off-peak reconciliation date, by the forecasted sales volume associated with the off-peak period.

The peak bad debt reconciliation adjustment (RApbd - as defined in Section 6.06) shall be determined for use in the peak GAF calculations incorporating the peak bad debt Account 175.11 balance as of the peak reconciliation date as designated by the Company. The off-peak bad debt reconciliation adjustment (RAopbd - as defined in Section 6.06) shall be determined for use in the off-peak GAF calculations incorporating the off-peak bad debt Account 175.21 balance of the off-peak reconciliation date as designated by the Company.

The peak period reconciliation filing date shall coincide with the next peak period GAF filing on September 15 of each year.

The off-peak period reconciliation filing date shall coincide with the next off-peak period GAF filing on March 15 of each year.

**6.110 Working Capital Reconciliation Adjustments** - Account 176

(1) The following definitions pertain to reconciliation adjustment calculations:

(a) Working Capital Gas Costs Allowable Per Peak Demand Formula shall be:

- i. Charges associated with upstream storage, transmission capacity, and product demand procured by the Company to serve

Issued: October 26, 2001

Effective: December 1, 2001

**BAY STATE GAS COMPANY  
COST OF GAS ADJUSTMENT CLAUSE**

firm load in the peak season.

ii. Charges associated with transmission capacity procured by the Company to serve base load requirements in the peak season.

iii. Charges associated with upstream storage and transmission capacity procured by the Company to serve firm load in excess of base load requirements in the peak period, plus a reallocation of a portion of such charges incurred in the off-peak season to serve firm load.

iv. Carrying Charges

(b) Working Capital Gas Costs Allowable Per Peak Commodity Formula shall be:

i. Charges associated with gas supplies, including any applicable taxes, purchased by the Company to serve firm load in the peak season, plus a reallocation of LNG boiloff costs from the off-peak season, determined by the product of the difference in the average costs of pipeline purchases during the off-peak period and the average cost of LNG boiloff in the off-peak period times the LNG boiloff volumes purchased in the off-peak period, less the cost of injections and liquefactions into storage.

ii. Carrying charges.

(c) Working Capital Gas Costs Allowable Per Off-Peak Demand Formula shall be:

i. Charges associated with transmission capacity procured by the Company to serve base load requirements in the off peak season.

ii. Charges associated with upstream storage and transmission capacity procured by the Company to serve firm load in excess of base load requirements in the off-peak period.

iii. Carrying charges.

(d) Working Capital Gas Costs Allowable Per Off-Peak Commodity Formula shall be:

i. Charges associated with gas supplies, including any applicable taxes, procured by the company to serve firm load in the off-peak season, less the reallocation of LNG boiloff costs determined by the product of the difference in the average cost of pipeline purchases during the off-peak period and the average cost of LNG boiloff in the off-peak period times the LNG boiloff volumes purchases in the off-peak period, less the cost of injections and liquefactions into storage.

ii. Non-core commodity costs associated with non-core sales to which the GAF is not applied, as defined in section 6.05.

iii. Carrying charges.

Issued: October 26, 2001

Effective: December 1, 2001

**BAY STATE GAS COMPANY  
COST OF GAS ADJUSTMENT CLAUSE**

- (e) Working Capital Gas Costs Allowable Per Peak Bad Debt Formula shall be:
  - i. Charges associated with bad debt incurred by the Company to serve firm load in the peak period.
  - ii. Carrying charges.
- (f) Working Capital Gas Costs Allowable Per Off-Peak Bad Debt Formula shall be:
  - i. Charges associated with bad debt incurred by the Company to serve firm load in the off-peak period.
  - ii. Carrying charges.
- (2) The peak and off-peak, demand, commodity and bad debt working capital requirements shall be calculated by applying the Company's days lag divided by 365 days to the working capital costs allowable per each formula.
- (3) The peak and off-peak, demand, commodity and bad debt working capital allowances shall each be calculated by applying the Company's weighted cost of capital to each working capital requirement to calculate the respective returns on working capital. The interest portion of each working capital allowance is calculated by multiplying each working capital requirement by the weighted cost of debt. This portion is tax deductible. The return on each working capital less the interest portion of each working capital is then divided by one minus the tax rate. This figure plus the interest calculated above equals the working capital allowance for each.
- (4) Calculation of the Reconciliation Adjustments

Accounts 176.10, 176.11, 176.12, 176.20, 176.21 and 176.22 contain the accumulated difference between working capital allowance revenues and the actual monthly working capital allowance costs as calculated from actual monthly costs for the Company.

Account 175.11 shall contain the accumulated difference between revenues toward bad debt as calculated by multiplying the peak bad debt factor times monthly firm sales volumes and bad debt allowed per peak bad debt formula. Account 175.21 shall contain the accumulated difference between revenues toward bad debt as calculated by multiplying the off-peak bad debt factor times monthly firm sales volumes and bad debt allowed per off-peak bad debt formula.

Issued: October 26, 2001

Effective: December 1, 2001

**BAY STATE GAS COMPANY  
COST OF GAS ADJUSTMENT CLAUSE**

The components of the Company's purchased gas days lag shall be recalculated each season based upon actual CGAC seasonal data. This recalculated days lag will be used in the calculation of the working capital allowance revenues. Each Account 176 shall contain the accumulated difference between revenues toward the working capital allowance and the working capital allowance.

The peak demand working capital reconciliation adjustment shall be determined for use in the peak demand factor calculations incorporating the peak demand working capital account 176.10 balance as of the peak reconciliation date designated by the Company. A peak commodity working capital reconciliation adjustment shall be determined for use in the peak commodity factor calculations incorporating the peak commodity working capital account 176.11 balance as of the peak reconciliation date designated by the Company. An off-peak working capital reconciliation adjustment (WCRopd) shall be determined for use in the off -peak demand factor calculations incorporating the off-peak demand working capital account (176.20) balance as of the off-peak reconciliation date designated by the Company. An off-peak commodity working capital reconciliation adjustment (WCRopc) shall be determined for use in the off-peak commodity working capital account (176.21) balance as of the off-peak reconciliation date designated by the Company.

A peak bad debt working capital reconciliation adjustment (WCRpbd - as defined in Section 6.06) shall be determined for use in the peak bad debt factor calculations incorporating the peak bad debt working capital account (176.12) balance as of the peak reconciliation date designated by the Company. An Off-Peak demand working capital reconciliation adjustment (WCRopbd - as defined in Section 6.06) shall be determined for use in the Off-Peak bad debt factor calculations incorporating the Off-Peak demand working capital account (176.22) balance as of the Off-Peak reconciliation date designated by the Company.

**6.121      Application of GAF to Bills**

The Company will employ the GAFs as follows: The peak season rates to each class of customers shall be calculated by adding the respective peak demand factor and the peak commodity factor. The off-peak season rates to each class

Issued: October 26, 2001

Effective: December 1, 2001

**BAY STATE GAS COMPANY  
COST OF GAS ADJUSTMENT CLAUSE**

of customers shall be calculated by adding the respective off-peak demand factor and the off-peak commodity factor. The GAFs (\$/therm) for each customer class for each season shall be calculated to the nearest hundredth of a cent per unit and will be applied to each customer's monthly sales volume within the corresponding customer class.

**6.132 Information Required to be Filed with the Department**

Information pertaining to the cost of gas adjustment shall be filed with the Department in accordance with the Company's standardized forms approved by the Department. Required filings include a monthly report which shall be submitted to the Department on the twentieth of each month, and a semiannual GAF filing which shall be submitted to the Department at least 45 days before the date on which a new GAF is to be effective.

Additionally the Company shall file with the Department a complete list by (sub)account of all gas costs claimed as recoverable through the CGAC over the previous season, as included in the seasonal reconciliation. This information shall be submitted with each seasonal GAF filing, along with complete documentation of the reconciliation adjustment calculations.

The Company shall supply the Department with data necessary to determine the Company's performance pursuant to the GCIM and the associated credit or charge to be applied. Data provided to the Department shall include the information necessary to verify the determination of the GCIM Cost Differential associated with each commodity purchase and financial instrument and contract. This information shall be submitted with each seasonal GAF filing.

**6.143 Other Rules**

- (1) The Department may, where appropriate, on petition or on its own motion, grant an exception from the provisions of these regulations, upon such terms that it may determine to be in the public interest.
- (2) The Company may, at any time, file with the Department an amended GAF. An amended GAF filing must be submitted 10 days before the first billing cycle of the month in which it is proposed to take effect.
- (3) The Department may, at any time, require the Company to file an amended GAF.
- (4) The operation of the cost of gas adjustment clause is subject to all powers of suspension and investigation vested in the Department by G.L. c.164.

Issued: October 26, 2001

Effective: December 1, 2001

**BAY STATE GAS COMPANY  
COST OF GAS ADJUSTMENT CLAUSE**

**6.154      Customer Notification**

The Company will design a notice which explains in simple terms to customers the GAF, the nature of any change in the GAF and the manner in which the GAF is applied to the bill. The Company will submit this notice for approval at the time of each GAF filing.

Upon approval by the Department, the Company must immediately distribute these notices to all of its customers either through direct mail or with its bills.

**6.15 Gas Supply Service**

**(1)      Peaking Gas Supply Service**

~~Firm Transportation Customers who have elected Peaking Gas Supply Service shall be charged a commodity charge for all gas usage at the variable CGA-includable cost of liquid propane (LP) air. Such costs shall reflect the inventory cost of LP plus any associated variable costs related to the sendout in the month in which Peaking Gas Supply Service was provided. The calculation of the Peaking Gas Supply Service rate shall be included in the peak period GAF filing. Any revenues billed from this service shall be credited to the total firm class commodity cost component of the peak period gas costs. The revenues billed shall be filed with the Department in the Company's peak period reconciliation.~~

**(2)      Supplemental Gas Supply Service**

~~Firm Transportation Customers who have elected Supplemental Gas Supply Service shall be charged the respective class allocated seasonal average cost of gas supply sendout above the Company's base load requirements as defined in Section 6.05 for all gas usage pertaining to this service. The calculation of the supplemental Gas Supply Service rate shall be included in each period's GAF filing. Any revenues billed from this service shall be credited to the respective period's total firm class gas costs, by commodity and demand component. The revenues billed shall be filed with the Department in the respective period's reconciliation.~~

**AMENDMENTS TO  
UNIFORM SYSTEM OF ACCOUNTS FOR GAS COMPANIES**

**175.09      Off-Peak Commodity Reconciliation Adjustment for CGAC**

Issued: October 26, 2001

Effective: December 1, 2001

**BAY STATE GAS COMPANY  
COST OF GAS ADJUSTMENT CLAUSE**

This account shall be used to record the cumulative difference between off-peak commodity gas revenues and off-peak commodity gas costs. Entries to this account shall be determined as outlined in the Cost of Gas Adjustment Clause, 220 C.M.R. 6.08

**175.10     Off-Peak Demand Reconciliation Adjustment for CGAC**

This account shall be used to record the cumulative difference between off-peak demand gas revenues and off-peak demand gas costs. Entries to this account shall be determined as outlined in the Cost of Gas Adjustment Clause, 220 C.M.R. 6.08.

**175.11     Peak Bad Debt Reconciliation Adjustment for CGAC**

This account shall be used to record the cumulative difference between peak bad debt revenues and peak bad debt costs. Entries to this account shall be determined as outlined in the Cost of Gas Adjustment Clause, 220 C.M.R. 6.08.

**175.19     Peak Commodity Reconciliation Adjustment for CGAC**

This account shall be used to record the cumulative difference between peak commodity gas revenues and peak commodity gas costs. Entries to this account shall be determined as outlined in the Cost of Gas Adjustment Clause, 220 C.M.R. 6.08.

**175.20     Peak Demand Reconciliation Adjustment for CGAC**

This account shall be used to record the cumulative difference between peak demand gas revenues and peak demand gas costs. Entries to this account shall be determined as outlined in the Cost of Gas Adjustment Clause, 220 C.M.R. 6.08

**175.21     Off-Peak Bad Debt Reconciliation Adjustment for CGAC**

This account shall be used to record the cumulative difference between off-peak bad debt revenues and off -peak bad debt costs. Entries in this account shall be determined as outlined in the Cost of Gas Adjustment Clause, 220 C.M.R. 6.08.

**175.XX     Peak GCIM Cost Differential Reconciliation Adjustment for CGAC**

This account shall be used to record the cumulative Company shares of GCIM Gas Cost Differentials for the Peak Period. Entries to this account shall be determined as outlined in the Cost of Gas Adjustment Clause, 220 C.M.R. 6.08.

**175.XX     Off-Peak GCIM Cost Differential Reconciliation Adjustment for CGAC**

This account shall be used to record the cumulative Company shares of

Issued: October 26, 2001

Effective: December 1, 2001

**BAY STATE GAS COMPANY  
COST OF GAS ADJUSTMENT CLAUSE**

GCIM Gas Cost Differentials for the Off-Peak Period. Entries to this account shall be determined as outlined in the Cost of Gas Adjustment Clause, 220 C.M.R. 6.08.

176.10 **Peak Demand Gas Working Capital Allowance Reconciliation Adjustment for CGAC**

This account shall be used to record the cumulative difference between peak demand gas working capital allowance revenues and peak demand gas working capital allowance. Entries to this account shall be determined as outlined in the Cost of Gas Adjustment Clause, 220 C.M.R. 6.08.

176.11 **Peak Commodity Gas Working Capital Allowance Reconciliation Adjustment for CGAC**

This account shall be used to record the cumulative difference between peak commodity gas working capital allowance revenues and peak commodity gas working capital allowance. Entries to this account shall be determined as outlined in the Cost of Gas Adjustment Clause, 220 C.M.R. 6.08.

176.12 **Peak Bad Debt Gas Working Capital Allowance Reconciliation Adjustment for CGAC**

This account shall be used to record the cumulative difference between peak bad debt working capital allowance revenues and peak bad debt working capital allowance. Entries to this account shall be determined as outlined in the Cost of Gas Adjustment Clause, 220 C.M.R. 6.08.

176.20 **Off-Peak Demand Gas Working Capital Allowance Reconciliation Adjustment for CGAC**

This account shall be used to record the cumulative difference between off-peak demand gas working capital allowance revenues and off-peak demand gas working capital allowance. Entries to this account shall be determined as outlined in the Cost of Gas Adjustment Clause, 220 C.M.R. 6.08.

176.21 **Off-Peak Commodity Gas Working Capital Allowance Reconciliation Adjustment for CGAC**

This account shall be used to record the cumulative difference between off-peak commodity gas working capital allowance revenues and off-peak commodity gas working capital allowance. Entries to this account shall be determined as outlined in the Cost of Gas Adjustment Clause, 220 C.M.R. 6.08.

176.22 **Off-Peak Bad Debt Gas Working Capital Allowance Reconciliation**

Issued: October 26, 2001

Effective: December 1, 2001

**BAY STATE GAS COMPANY  
COST OF GAS ADJUSTMENT CLAUSE**

**Adjustment for CGAC**

This account shall be used to record the cumulative difference between off-peak bad debt working capital allowance revenues and off-peak bad debt working capital allowance. Entries to this account shall be determined as outlined in the Cost of Gas Adjustment Clause, 220 C.M.R. 6.08.

242.10 **Undistributed Capacity/Product Suppliers' Refunds**

This account will be used to record the refunds of costs from suppliers of pipeline capacity or product demand. Entries to this account shall be determined as outlined in the Cost of Gas Adjustment Clause, 220 C.M.R. 6.07.

242.20 **Undistributed Commodity/Product Suppliers' Refunds**

This account will be used to record the refunds of costs from suppliers of pipeline commodity or product dcommodity. Entries to this account shall be determined as outlined in the Cost of Gas Adjustment Clause, 220 C.M.R. 6.07.